

MEMORANDUM

July 5, 2006
Revised September 29, 2006

TO: Office of Community Development Grantees and MSHDA CD Specialists

FROM: Mary Cook and Renee Conklin

RE: Leverage Funds Summary (LFS)

The intent of this memo is to clarify the process for submission of the Leverage Funds Summary (LFS) Report.

Purpose of the Report:

The report is a tool to capture data to be used to demonstrate the full benefit of the grants awarded by MSHDA's Office of Community Development (OCD) to grantees. Often we are asked to report data regarding dollars and units leveraged with grant funds to HUD, political liaisons and the Governor's office. When programs are under attack due to budget cuts, it's important to be able to show the full impact of the housing programs our grantees administer.

The LFS report also allows grantees to demonstrate to the Office of Community Development (OCD) that they have met their match and leverage requirements. The LFS is used to report the number of units created and the dollars used to create those units, outside of the grant. Examples of such units would be those completed with PJ Match or with Program Income (CDBG only).

A Brief History:

Prior to OPAL (CD's On-Line Program Administration Link), the LFS report was included as a single page of the Quarterly Progress Report (QPR). The QPRs are being phased out; once all units that were in progress at the time OPAL was launched are complete, they will no longer be utilized. Therefore, it became necessary to create the LFS as a stand-alone document on OPAL.

The LFS has existed on OPAL from the beginning; however, most grantees were not using it to report eligible leveraged dollars/units. In August of 2005 we began prompting the submission of the LFS by having it appear on the grantees' task tree. Almost one year later many of these reports remain outstanding. *Additionally, many grantees have erroneously submitted the 8/05 LFS report as "final". This has resulted in large amounts of leverage going unreported.*

The instructions below are designed to assist CDS and grantees in the proper submission of LFS reports.

Rules of Thumb:

The grantee must submit the LFS report every month until all activities set-up on OPAL are closed AND all other leverage funds are reported. The leverage contained within the proforma of a closed activity will not appear on the LFS until the grantee submits the report for the month that the activity was closed.

*Leverage data for converted activities (those in progress prior to the launch of OPAL) **MUST NOT** be entered onto the LFS. Leverage for converted activities must be reported on the QPR.*

The grantee must submit QPR's every quarter until all activities set-up prior to OPAL are closed.

*Leverage data for activities not completed with grant dollars (PIP, Program Income-funded activities) is entered manually. **This data is cumulative.***

The report may contain multiple pages; one for each component.

Completing the LFS:

To obtain a blank report, the grantee must click on "create report" under "Progress Reports" on the grant menu. If the grant budget contains two components such as Homeowner Rehab and Homebuyer, the grantee must complete one form for each component. When more than one LFS is required, a drop down menu will appear for the grantee to select from (see attached example).

The grantee must submit the LFS report every month until all activities set-up on OPAL are closed AND all other leverage funds are reported. Once both of these conditions are satisfied, the grantee may indicate the report as "final". NOTE: Only the final LFS appears on the CD Specialist's task tree for approval. All others are "approved" by OPAL upon submission. ***CDS should not approve the LFS if it should NOT be marked as final.***

Data is entered into this form two different ways:

- 1) Automatically – the data is auto-filled from the *activity checklist and final proforma* upon closeout of an activity on OPAL. This data appears in the first *and fourth* columns of the LFS (Leveraged Dollars Used on OCD Projects and Completed Units with OCD Dollars). ***The leverage contained within the proforma of a closed activity will not appear on the LFS until the grantee saves and submits the report for the month that the activity was closed.***

- 2) Manually - the grantee must insert data into the other columns to report the following:
- Leveraged dollars used on CDBG Program Income-funded projects;
 - Leveraged dollars for Neighborhood Preservation Program activities;
 - Matching dollars from the Participating Jurisdiction (PJ);
 - Completed Units with CDBG Program Income dollars;
 - Completed Units with PJ Match.

NOTE: *The LFS is a cumulative report. The numbers entered into the LFS report should reflect the amount of leverage from the beginning of the grant through the end of the current report period.*

If a grantee does not have data related to the above, no manual entry is required, however, they should continue to submit the report monthly to capture the data auto-filled from the proformas of completed activities.

Portfolio Management – Making a Determination regarding the LFS

It is the responsibility of the CDS to determine whether the LFS is required and whether it should be marked as “final”.

As previously stated, OPAL began prompting the submission of the LFS Reports beginning with the month ending August 31, 2005. This LFS Report appeared as a task to be completed on ALL OPEN grants regardless of the balance, grant term, or the status of the activities funded within a grant. Some grants do not require the submission of the LFS which has lead to confusion on the part of grantees and CD Specialists alike.

Hard and Fast Rules:

If all of the activities in a grant were closed prior to 08/01/2005, have a discussion with the grantee to see if they have leverage to report for activities completed outside of this grant. If they are continuing their program using Program Income, PIP, or completing PJ-funded units to satisfy the PJ Match requirement, they may need to submit a report. Otherwise, ask the OPAL System Administrator to delete the report.

What about grants with terms that began prior to OPAL and continued post-OPAL?

There are grants that straddle the line. They have activities that they committed dollars to prior to the launch of OPAL, as well as activities they set-up on OPAL. The desired outcome is that the sum of the cumulative leverage reported on the QPR and the cumulative leverage reported on the LFS will equal the total amount of leverage for the entire grant.

*Leverage for units that the grantee committed dollars to prior to OPAL (converted activities) will be reported on the Quarterly Progress Report (QPR). The grantee must continue to submit QPR's until all of the units they committed dollars to prior to OPAL are completed. Leverage data for these converted activities **MUST NOT** be entered onto the LFS.*

Reporting PJ Match:

Grantees located in Participating Jurisdictions (PJs) are required to demonstrate dollar for dollar match from the PJ equaling or exceeding the grant dollars received from OCD. Matching funds are confirmed at the application stage. The LFS is used to track of the progress of the PJ funded activities. In some instances the PJ funded activities may have been completed prior to our award. If this is the case, the grantees should manually enter the data on the first LFS they submit. If the PJ funded activities are being completed throughout the grant term, the grantee should report the dollars/units on the LFS as activities are completed.

Urging Compliance:

The submission of the LFS is required, just like many other forms associated with the grants awarded by MSHDA. From this point forward CD Specialists will be checking to make sure the most recent LFS report has been submitted prior to approving Financial Status Reports (FSRs). To view the history of the report submitted, go to the grant menu and click on "Report Summary" under "Progress Reports".